

UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS

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FINANCIAL STATEMENTS  
(with Independent Auditors' Report thereon)

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For the Year Ended June 30, 2009

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UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, MISSOURI  
FINANCIAL STATEMENTS  
Year ended June 30, 2009

TABLE OF CONTENTS

Independent Auditors' Report	1 - 2
<b>STATEMENT 1</b>	
Summary of cash receipts, expenditures and unencumbered cash	3
<b>STATEMENT 2</b>	
Summary of expenditures - actual and budget	4
<b>STATEMENT 3</b>	
Statement of cash receipts and expenditures - actual and budget	
General fund	5
Supplemental general fund	6
Adult supplemental education fund	7
Capital outlay fund	8
Drivers education fund	9
Food service fund	10
Professional development fund	11
Parent education fund	12
Summer school fund	13
Special education fund	14
At risk fund	15
Vocational education fund	16
KPERs retirement contribution fund	17
Textbook & student material fund	18
Contingency reserve fund	19
Federal funds	20
Gift and grant fund	21
Other grant funds	22
Bond and interest fund	23
Trust funds	24
Capital projects fund	25
<b>STATEMENT 4</b>	
Statement of cash receipts and disbursements - actual	
Agency funds	26 - 28
<b>STATEMENT 5</b>	
Statement of cash receipts, expenditures and unencumbered cash - actual	
District activity funds	29
Notes to the financial statements	30 - 41
<b>ADDITIONAL INFORMATION</b>	
Schedule of expenditures of federal awards	42
Note to the schedule of expenditures of federal awards	43



*Kramer & Associates CPAs, LLC*  
*Making the right move for your business*

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INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Unified School District No. 203,  
Kansas City, Kansas

We have audited the accompanying financial statements of Unified School District No. 203, Kansas City, Kansas, as of and for the year ended June 30, 2009, as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative information has been derived from the District's financial statements for the year ended June 30, 2008 and, in our report dated January 12, 2009, we expressed an unqualified opinion on the financial statements in accordance with the cash basis and budget laws of the State of Kansas and an adverse opinion as to the presentation on the basis of generally accepted accounting principles.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide*. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, Unified School District No. 203, Kansas City, Kansas, has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Unified School District No. 203, Kansas City, Kansas, as of June 30, 2009, or the changes in its financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of Unified School District No. 203, Kansas City, Kansas, as of June 30, 2009, and its cash receipts and expenditures, and budgetary comparisons for the year then ended, on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The additional information on pages 42 - 43 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, on the basis of accounting described in Note 1, in relation to the financial statements taken as a whole.

The financial statements include prior year partial comparative information. Such information does not include all of the information required for a presentation in conformity with the Kansas prescribed basis of accounting. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2008, from which such partial information was derived.

This report is intended solely for the information of the Board of Education and committees thereto, management, federal awarding agencies, the Kansas Division of Accounts and Reports, and the Kansas State Department of Education and is not intended to be and should not be used by anyone other than these specified parties.

*KRAMER & ASSOCIATES CPAs, L.L.C.*

Kramer & Associates CPAs, LLC  
Leavenworth, Kansas  
March 8, 2010

UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS  
SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH  
Year ended June 30, 2009

Funds	Beginning unencumbered cash balance	Prior year canceled encumbrances	Cash receipts	Expenditures	Ending unencumbered cash balance	Outstanding encumbrances and accounts payable	Ending cash balance
<b>Governmental type funds:</b>							
General	\$ (126,434)	\$ 754	\$ 8,706,543	\$ 9,603,655	\$ (1,022,792)	\$ 25,114	\$ (997,678)
Supplemental general	354,568	-	2,632,608	2,742,185	244,991	353	245,344
Special revenue funds:							
Adult supplemental education	-	-	-	-	-	-	-
Capital outlay	1,253,168	120,610	1,192,860	962,528	1,604,110	6,556	1,610,666
Drivers education	21,045	-	-	-	21,045	-	21,045
Food service	162,565	-	721,636	647,212	236,989	2,128	239,117
Professional development	68,786	39	-	12,860	55,965	957	56,922
Parent education	-	-	23,300	23,300	-	-	-
Summer school	-	-	82,061	-	82,061	-	82,061
Special education	934,094	-	2,060,439	1,980,389	1,014,144	-	1,014,144
At risk	-	-	103,351	103,351	-	-	-
Vocational education	357,012	-	218,815	319,840	255,987	-	255,987
KPERS retirement contribution	10	-	499,417	499,417	10	-	10
Textbook and student material	5,872	18,170	121,711	145,753	-	90,397	90,397
Contingency reserve	524,653	-	17,545	-	542,198	-	542,198
Federal funds	-	-	89,771	85,704	4,067	-	4,067
Gift and grant	-	-	2,000	-	2,000	-	2,000
Other grant funds	12,053	-	30,282	24,867	17,468	-	17,468
Gate receipts	2,434	-	71,005	76,142	(2,703)	-	(2,703)
School projects	8,741	-	19,590	19,490	8,841	-	8,841
Debt service fund:							
Bond and interest	865,743	-	1,372,245	1,338,649	899,339	-	899,339
Private purpose							
Trust funds	112,802	-	3,149	2,626	113,325	-	113,325
Capital projects:							
Total reporting entity	14,064,196	105	15,173,264	19,258,851	9,978,714	1,098,562	11,077,276
(excluding agency fund)							
Composition of cash:	\$18,621,308	\$ 139,678	\$33,141,592	\$37,846,819	\$14,055,759	\$ 1,224,067	\$15,279,826
					Checking		\$ 3,083,086
					Checking - construction		11,077,277
					Checking - activity accounts		221,845
					Petty cash		-
					Scholarship savings		13,325
					Certificates of deposit		1,100,000
					Total cash		15,495,533
					Less agency funds		(215,707)
					Total reporting entity		\$15,279,826
					(excluding agency funds)		

The accompanying notes are an integral  
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS  
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET  
Year ended June 30, 2009

Funds	Certified budget	Adjustment to comply with legal max	Adjustment for qualifying budget credits	Total budget for comparison	Expenditures chargeable to current year	Variance - over (under)
<b>Governmental type funds:</b>						
General	\$ 9,381,680	\$ (3,552)	\$ 224,768	\$ 9,602,896	\$ 9,603,655	\$ (759)
Supplemental general	\$ 2,748,239	\$ (3,059)	—	\$ 2,745,180	\$ 2,742,185	\$ 2,995
<b>Special revenue funds:</b>						
Adult supplemental education	\$ —	—	—	—	—	—
Capital Outlay	\$ 1,378,155	—	—	\$ 1,378,155	\$ 962,528	\$ 415,627
Drivers education	\$ —	—	—	—	—	—
Food service	\$ 892,784	—	—	\$ 892,784	\$ 647,212	\$ 245,572
Professional development	\$ 52,064	—	—	\$ 52,064	\$ 12,860	\$ 39,204
Parent education	\$ —	—	—	—	\$ 23,300	\$ (23,300)
Summer school	\$ —	—	—	—	—	—
Special education	\$ 1,947,600	—	—	\$ 1,947,600	\$ 1,980,389	\$ (32,789)
At risk	\$ 55,583	—	—	\$ 55,583	\$ 103,351	\$ (47,768)
Vocational education	\$ 337,395	—	—	\$ 337,395	\$ 319,840	\$ 17,555
KPERS retirement contribution	\$ 545,009	—	—	\$ 545,009	\$ 499,417	\$ 45,592
Federal funds	\$ 90,735	—	\$ (964)	\$ 89,771	\$ 85,704	\$ 4,067
<b>Debt service fund:</b>						
Bond and interest	\$ 2,185,706	—	—	\$ 2,185,706	\$ 1,338,649	\$ 847,057

The accompanying notes are an integral part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS  
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
 GENERAL FUND  
 Year ended June 30, 2009

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property - taxes in process	\$ 58,741	\$ 64,931	\$ 181,370	\$ (116,439)
Ad valorem property - current taxes	2,686,166	2,283,146	3,148,336	(865,190)
Delinquent	48,794	69,837	117,240	(47,403)
State aid:				
Equalization aid	5,361,110	4,778,071	4,691,807	86,264
Special education services	913,077	1,285,790	1,242,927	42,863
Machinery and equipment	2,673	-	-	-
Reimbursed expenses	174,768	224,768	-	224,768
Total cash receipts	9,245,329	8,706,543	\$ 9,381,680	\$ (675,137)
Expenditures and transfers subject to budget:				
Instruction	5,321,465	5,498,171	\$ 5,644,805	\$ 146,634
Student support services	-	1,930	5,500	3,570
Instructional support staff	24,638	23,815	28,500	4,685
General administration	76,458	252,805	124,000	(128,805)
School administration	922,319	920,108	930,391	10,283
Central services	15,535	23,014	31,000	7,986
Operations and maintenance	571,666	966,985	568,824	(398,161)
Student transportation services	595,303	606,997	703,000	96,003
Other support services	821	1,250	-	(1,250)
Transfers out	1,400,766	1,308,580	1,345,660	37,080
Adjustment to comply with legal max	-	-	(3,552)	(3,552)
Legal general fund budget	8,928,971	9,603,655	9,378,128	(225,527)
Adjustment for qualifying budget credits:				
Reimbursements	-	-	224,768	224,768
Total expenditures and transfers subject to budget	8,928,971	9,603,655	\$ 9,602,896	\$ (759)
Receipts over (under) expenditures	316,358	(897,112)		
Prior year canceled encumbrances	-	754		
Unencumbered cash, beginning of year	(442,792)	(126,434)		
Unencumbered cash, end of year	\$ (126,434)	\$ (1,022,792)		

The accompanying notes are an integral  
 part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS  
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
 SUPPLEMENTAL GENERAL FUND  
 Year ended June 30, 2009

	Prior year actual	Current year		Variance - over (under)
		Actual	Budget	
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property - taxes in process	\$ 43,157	\$ 55,318	\$ 130,209	\$ (74,891)
Ad valorem property - current taxes	2,253,337	2,295,786	2,207,843	87,943
Delinquent	43,586	50,258	98,429	(48,171)
Motor vehicle	238,513	217,037	218,593	(1,556)
Recreational vehicle	1,605	1,244	1,492	(248)
State aid:				
Equalization aid	236,719	12,965	-	12,965
Machinery and equipment	2,141	-	-	-
Total cash receipts	2,819,058	2,632,608	\$ 2,656,566	\$ (23,958)
Expenditures and transfers subject to budget:				
Instruction	1,498	37,791	\$ 45,000	\$ 7,209
Student support services	372,485	368,057	375,328	7,271
Instructional support staff	126,517	336,369	301,799	(34,570)
General administration	441,023	206,686	445,581	238,895
School administration	2,116	-	-	-
Central services	48,488	197,587	-	(197,587)
Operations and maintenance	699,340	198,063	630,850	432,787
Student transportation services	22,747	-	-	-
Other support services	-	184,236	-	(184,236)
Transfers out	914,385	1,213,396	949,681	(263,715)
Adjustment to comply with legal max	-	-	(3,059)	(3,059)
Legal supplemental general fund budget	2,628,599	2,742,185	2,745,180	2,995
Adjustment for qualifying budget credits:				
Reimbursements	-	-	-	-
Total expenditures and transfers subject to budget	2,628,599	2,742,185	\$ 2,745,180	\$ 2,995
Receipts over (under) expenditures	190,459	(109,577)		
Unencumbered cash, beginning of year	164,109	354,568		
Unencumbered cash, end of year	\$ 354,568	\$ 244,991		

The accompanying notes are an integral  
 part of the financial statements.



UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS  
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
 ADULT SUPPLEMENTAL EDUCATION FUND  
 Year ended June 30, 2009

	Prior year actual	Current year		Variance - over (under)
		Actual	Budget	
Cash receipts:				
Transfers in:				
Supplemental general fund	\$ 58	\$ -	\$ -	\$ -
Total cash receipts	58	-	\$ -	\$ -
Expenditures and transfers subject to budget:				
General administration	647	-	\$ -	\$ -
Adjustment for qualifying budget credits:				
Reimbursements	-	-	-	-
Total expenditures and transfers subject to budget	647	-	\$ -	\$ -
Receipts over (under) expenditures	(589)	-		
Unencumbered cash, beginning of year	589	-		
Unencumbered cash, end of year	\$ -	\$ -		

The accompanying notes are an integral  
 part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS  
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
 CAPITAL OUTLAY FUND  
 Year ended June 30, 2009

	Prior Year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property - taxes in process	\$ 24,906	\$ 26,825	\$ 59,162	\$ (32,337)
Ad valorem property - current taxes	1,092,693	942,423	1,315,274	(372,851)
Delinquent	22,344	29,037	47,730	(18,693)
Motor vehicle	113,482	119,202	119,347	(145)
Recreational vehicle	745	688	815	(127)
Machinery and equipment	1,038	-	-	-
Interest on idle funds	92,353	71,356	-	71,356
Miscellaneous	90	3,329	-	3,329
Transfers in:				
General fund	127,802	-	-	-
Supplemental general fund	6,903	-	-	-
Total cash receipts	<u>1,482,356</u>	<u>1,192,860</u>	<u>\$ 1,542,328</u>	<u>\$ (349,468)</u>
Expenditures and transfers subject to budget:				
Instruction	312,553	75,139	\$ 250,000	\$ 174,861
General administration	46,851	5,938	-	(5,938)
School administration	7,645	-	-	-
Operations and maintenance	203,880	217,488	250,000	32,512
Other support services	-	-	500,000	500,000
Facilities acquisition and construction	730,555	663,963	378,155	(285,808)
Adjustment for qualifying budget credits:				
Reimbursements	-	-	-	-
Total expenditures and transfers subject to budget	<u>1,301,484</u>	<u>962,528</u>	<u>\$ 1,378,155</u>	<u>\$ 415,627</u>
Receipts over (under) expenditures	180,872	230,332		
Prior year canceled encumbrances	-	120,610		
Unencumbered cash, beginning of year	<u>1,072,296</u>	<u>1,253,168</u>		
Unencumbered cash, end of year	<u>\$ 1,253,168</u>	<u>\$ 1,604,110</u>		

The accompanying notes are an integral  
 part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS  
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
 DRIVERS EDUCATION FUND  
 Year ended June 30, 2009

	Prior year actual	Current year		Variance - over (under)
		Actual	Budget	
Cash receipts:				
Revenue from other local source	\$ -	\$ -	\$ -	\$ -
Total cash receipts	-	-	\$ -	\$ -
Expenditures and transfers subject to budget:				
Adjustment for qualifying budget credits:				
Reimbursements	-	-	-	-
Total expenditures and transfers subject to budget	-	-	\$ -	\$ -
Receipts over (under) expenditures	-	-		
Prior year canceled encumbrances	21,045	-		
Unencumbered cash, beginning of year	-	21,045		
Unencumbered cash, end of year	\$ 21,045	\$ 21,045		

The accompanying notes are an integral  
 part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS  
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
 FOOD SERVICE FUND  
 Year ended June 30, 2009

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
State aid:				
School food assistance	\$ 8,232	\$ 7,814	\$ 7,995	\$ (181)
Federal aid:				
Federal child nutrition program	124,142	134,843	120,683	14,160
Charge for service	559,908	578,527	637,829	(59,302)
Miscellaneous	-	452	-	452
Total cash receipts	<u>692,282</u>	<u>721,636</u>	<u>\$ 766,507</u>	<u>\$ (44,871)</u>
Expenditures and transfers subject to budget:				
Food service operations	685,925	647,212	\$ 892,784	\$ 245,572
Adjustment for qualifying budget credits:				
Reimbursements	-	-	-	-
Total expenditures and transfers subject to budget	<u>685,925</u>	<u>647,212</u>	<u>\$ 892,784</u>	<u>\$ 245,572</u>
Receipts over (under) expenditures	6,357	74,424		
Unencumbered cash, beginning of year	<u>156,208</u>	<u>162,565</u>		
Unencumbered cash, end of year	<u>\$ 162,565</u>	<u>\$ 236,989</u>		

The accompanying notes are an integral  
 part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS  
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES -- ACTUAL AND BUDGET  
 PROFESSIONAL DEVELOPMENT FUND  
 Year ended June 30, 2009

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
State aid:				
Inservice aid	\$ 5,357	\$ -	\$ 5,260	\$ (5,260)
Transfers in:				
General fund	199	-	-	-
Supplemental general fund	76,000	-	32,000	(32,000)
Total cash receipts	81,556	-	\$ 37,260	\$ (37,260)
Expenditures and transfers subject to budget:				
Instructional support staff	18,902	12,860	\$ 52,064	\$ 39,204
Adjustment for qualifying budget credits:				
Reimbursements	-	-	-	-
Total expenditures and transfers subject to budget	18,902	12,860	\$ 52,064	\$ 39,204
Receipts over (under) expenditures	62,654	(12,860)		
Prior year canceled encumbrances	-	39		
Unencumbered cash, beginning of year	6,132	68,786		
Unencumbered cash, end of year	\$ 68,786	\$ 55,965		

The accompanying notes are an integral  
 part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS  
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
 PARENT EDUCATION FUND  
 Year ended June 30, 2009

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
Transfers in:				
General fund	\$ 18,850	\$ 8,150	\$ -	\$ 8,150
Supplemental general fund	-	15,150	-	15,150
Total cash receipts	18,850	23,300	\$ -	\$ 23,300
Expenditures and transfers subject to budget:				
Student support services	21,650	23,300	\$ -	\$ (23,300)
Adjustment for qualifying budget credits:				
Reimbursements	-	-	-	-
Total expenditures and transfers subject to budget	21,650	23,300	\$ -	\$ (23,300)
Receipts over (under) expenditures	(2,800)	-		
Unencumbered cash, beginning of year	2,800	-		
Unencumbered cash, end of year	\$ -	\$ -		

The accompanying notes are an integral  
 part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS  
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
 SUMMER SCHOOL FUND  
 Year ended June 30, 2009

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
Transfers in:				
Supplemental general fund	\$ -	\$ 82,061	\$ -	\$ 82,061
Total cash receipts	-	82,061	-	82,061
Expenditures and transfers subject to budget:				
Instruction	-	-	\$ -	\$ -
Adjustment for qualifying budget credits:				
Reimbursements	-	-	-	-
Total expenditures and transfers subject to budget	-	-	\$ -	\$ -
Receipts over (under) expenditures	-	82,061		
Unencumbered cash, beginning of year	-	-		
Unencumbered cash, end of year	\$ -	\$ 82,061		

The accompanying notes are an integral  
 part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS  
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES -- ACTUAL AND BUDGET --  
 SPECIAL EDUCATION FUND  
 Year ended June 30, 2009

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
Transfers in:				
General fund	\$ 913,077	\$ 1,241,574	\$ 1,022,042	\$ 219,532
Supplemental general fund	539,753	818,865	849,000	(30,135)
Total cash receipts	<u>1,452,830</u>	<u>2,060,439</u>	<u>\$ 1,871,042</u>	<u>\$ 189,397</u>
Expenditures and transfers subject to budget:				
Instruction	1,221,500	1,980,389	\$ 1,947,600	\$ (32,789)
Student transportation services	322	-	-	-
Adjustment for qualifying budget credits:				
Reimbursements	-	-	-	-
Total expenditures and transfers subject to budget	<u>1,221,822</u>	<u>1,980,389</u>	<u>\$ 1,947,600</u>	<u>\$ (32,789)</u>
Receipts over (under) expenditures	231,008	80,050		
Unencumbered cash, beginning of year	<u>703,086</u>	<u>934,094</u>		
Unencumbered cash, end of year	<u>\$ 934,094</u>	<u>\$ 1,014,144</u>		

The accompanying notes are an integral  
 part of the financial statements.



UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS  
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
 AT RISK FUND  
 Year ended June 30, 2009

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
Transfers in:				
General fund	\$ 14,657	\$ 41,311	\$ 50,000	\$ (8,689)
Supplemental general fund	—	62,040	—	62,040
Total cash receipts	14,657	103,351	\$ 50,000	\$ 53,351
Expenditures and transfers subject to budget:				
Instruction	14,657	103,351	\$ 55,583	\$ (47,768)
Adjustment for qualifying budget credits:				
Reimbursements	—	—	—	—
Total expenditures and transfers subject to budget	14,657	103,351	\$ 55,583	\$ (47,768)
Receipts over (under) expenditures	—	—		
Unencumbered cash, beginning of year	—	—		
Unencumbered cash, end of year	\$ —	\$ —		

The accompanying notes are an integral  
 part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS  
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
 VOCATIONAL EDUCATION FUND  
 Year ended June 30, 2009

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
Transfers in:				
General fund	\$ 305,281	\$ -	\$ 52,733	\$ (52,733)
Supplemental general fund	291,671	218,815	59,681	159,134
Total cash receipts	596,952	218,815	\$ 112,414	\$ 106,401
Expenditures and transfers subject to budget:				
Instruction	239,940	319,840	\$ 337,395	\$ 17,555
Adjustment for qualifying budget credits:				
Reimbursements	-	-	-	-
Total expenditures and transfers subject to budget	239,940	319,840	\$ 337,395	\$ 17,555
Receipts over (under) expenditures	357,012	(101,025)		
Unencumbered cash, beginning of year	-	357,012		
Unencumbered cash, end of year	\$ 357,012	\$ 255,987		

The accompanying notes are an integral  
 part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS  
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
 KPERS RETIREMENT CONTRIBUTION FUND  
 Year ended June 30, 2009

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
KPERS Contributions	\$ 458,000	\$ 499,417	\$ 545,009	\$ (45,592)
Total cash receipts	458,000	499,417	\$ 545,009	\$ (45,592)
Expenditures and transfers subject to budget:				
Instruction	216,978	318,128	\$ 347,171	\$ 29,043
Student support services	21,526	23,473	25,615	2,142
Instructional support staff	99,035	26,469	28,886	2,417
General administration	20,610	22,474	24,525	2,051
School administration	40,303	43,949	47,961	4,012
Central services	5,037	5,494	5,995	501
Operations and maintenance	43,051	46,945	51,231	4,286
Food service operations	11,450	12,485	13,625	1,140
Adjustment for qualifying budget credits:				
Reimbursements	-	-	-	-
Total expenditures and transfers subject to budget	457,990	499,417	\$ 545,009	\$ 45,592
Receipts over (under) expenditures	10	-		
Unencumbered cash, beginning of year	-	10		
Unencumbered cash, end of year	\$ 10	\$ 10		

The accompanying notes are an integral  
 part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS  
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES -- ACTUAL  
 TEXTBOOK & STUDENT MATERIAL FUND\*  
 Year ended June 30, 2009

	Prior year actual	Current year actual
Cash receipts:		
Charge for services	\$ 79,455	\$ 105,246
Transfers in:		
Supplemental general fund	—	16,465
Total cash receipts	<u>79,455</u>	<u>121,711</u>
Expenditures:		
Instruction	<u>76,251</u>	<u>145,753</u>
Total expenditures	<u>76,251</u>	<u>145,753</u>
Receipts over (under) expenditures	3,204	(24,042)
Prior year canceled encumbrances	—	18,170
Unencumbered cash, beginning of year	<u>2,668</u>	<u>5,872</u>
Unencumbered cash, end of year	<u>\$ 5,872</u>	<u>\$ —</u>

\* This fund is not required to be budgeted.

The accompanying notes are an integral  
 part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS  
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
 CONTINGENCY RESERVE FUND\*  
 Year ended June 30, 2009

	Prior year actual	Current year actual
Cash receipts:		
Transfers in:		
General fund	\$ 20,900	\$ 17,545
Total cash receipts	<u>20,900</u>	<u>17,545</u>
Expenditures:		
Instruction	<u>600</u>	<u>-</u>
Total expenditures	<u>600</u>	<u>-</u>
Receipts over (under) expenditures	20,300	17,545
Unencumbered cash, beginning of year	<u>504,353</u>	<u>524,653</u>
Unencumbered cash, end of year	<u>\$ 524,653</u>	<u>\$ 542,198</u>

\*This fund is not required to be budgeted.

The accompanying notes are an integral  
 part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS  
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
 FEDERAL FUNDS  
 Year ended June 30, 2009

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
Federal aid:				
Title I	\$ 45,102	\$ 56,564	\$ 57,485	\$ (921)
Title II	27,989	30,287	29,773	514
Title IV Drug free	2,986	2,920	3,477	(557)
Title V Innovative programs	1,301	-	-	-
Total cash receipts	77,378	89,771	\$ 90,735	\$ (964)
Expenditures and transfers subject to budget:				
Instruction	77,378	85,704	\$ 90,735	\$ 5,031
Adjustment for qualifying budget credits:				
Federal funds received in excess of budget	-	-	(964)	(964)
Reimbursements	-	-	-	-
Total expenditures and transfers subject to budget	77,378	85,704	\$ 89,771	\$ 4,067
Receipts over (under) expenditures	-	4,067		
Prior year canceled encumbrances	-	-		
Unencumbered cash, beginning of year	-	-		
Unencumbered cash, end of year	\$ -	\$ 4,067		

The accompanying notes are an integral  
 part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS  
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
 GIFT AND GRANT FUND \*  
 Year ended June 30, 2009

	Prior year actual	Current year actual
Cash receipts:		
Revenue from other local source	\$       —	\$     2,000
Total cash receipts	—	2,000
Expenditures:		
Instruction	6,888	—
Total expenditures	6,888	—
Receipts over (under) expenditures	(6,888)	2,000
Unencumbered cash, beginning of year	6,888	—
Unencumbered cash, end of year	\$       —	\$     2,000

\* This fund is not required to be budgeted.

The accompanying notes are an integral  
 part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS  
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
 OTHER GRANT FUNDS \*  
 Year ended June 30, 2009

	Prior year actual	Current year actual
Cash receipts:		
Truancy grant	\$ 37,807	\$ 30,282
Total cash receipts	<u>37,807</u>	<u>30,282</u>
Expenditures:		
Instructional support services	<u>26,038</u>	<u>24,867</u>
Total expenditures	<u>26,038</u>	<u>24,867</u>
Receipts over (under) expenditures	11,769	5,415
Unencumbered cash, beginning of year	<u>284</u>	<u>12,053</u>
Unencumbered cash, end of year	<u>\$ 12,053</u>	<u>\$ 17,468</u>

\* This fund is not required to be budgeted.

The accompanying notes are an integral  
 part of the financial statements.



UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS  
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
 BOND & INTEREST FUND  
 Year ended June 30, 2009

	Prior year actual	Current year		
		Actual	Budget	Variance - over (under)
Cash receipts:				
Taxes and shared revenue:				
Ad valorem property - taxes in process	\$ 12,514	\$ 17,587	\$ 11,019	\$ 6,568
Ad valorem property - current taxes	716,365	1,124,865	1,642,481	(517,616)
Delinquent	14,533	14,644	31,292	(16,648)
Motor vehicle	85,445	64,779	65,440	(661)
Recreational vehicle	589	370	447	(77)
State aid:				
Machinery and equipment	681	-	-	-
Investment income	50,863	150,000	250,000	(100,000)
Transfers in:				
Capital projects fund	105,315	-	-	-
Total cash receipts	<u>986,305</u>	<u>1,372,245</u>	<u>\$ 2,000,679</u>	<u>\$ (628,434)</u>
Expenditures and transfers subject to budget:				
Principal	660,000	610,000	\$ 1,060,000	\$ 450,000
Interest	125,918	728,649	1,124,706	396,057
Fiscal charges	-	-	1,000	1,000
Total expenditures and transfers subject to budget	<u>785,918</u>	<u>1,338,649</u>	<u>\$ 2,185,706</u>	<u>\$ 847,057</u>
Receipts over (under) expenditures	200,387	33,596		
Unencumbered cash, beginning of year	<u>665,356</u>	<u>865,743</u>		
Unencumbered cash, end of year	<u>\$ 865,743</u>	<u>\$ 899,339</u>		

The accompanying notes are an integral  
 part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS  
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
 TRUST FUNDS\*  
 Year ended June 30, 2009

	Prior year actual	Current year actual
Cash receipts:		
Interest	\$ -	\$ 3,149
Donations	4,805	-
Total cash receipts	4,805	3,149
Expenditures:		
Scholarships	1,875	2,626
Total expenditures	1,875	2,626
Receipts over (under) expenditures	2,930	523
Unencumbered cash, beginning of year	109,872	112,802
Unencumbered cash, end of year	\$ 112,802	\$ 113,325

\* This fund is not required to be budgeted.

The accompanying notes are an integral  
 part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS  
 STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL  
 CAPITAL PROJECTS FUND\*  
 Year ended June 30, 2009

	Prior year actual	Current year actual
Cash receipts:		
Proceeds from bond issuance	\$ 14,692,320	\$ 6,870,119
Interest on idle funds	79,184	166,117
Miscellaneous	299,600	8,137,028
	<hr/>	<hr/>
Total cash receipts	15,071,104	15,173,264
	<hr/>	<hr/>
Expenditures:		
Instruction	93,068	836,802
Facility acquisition and construction	808,525	18,422,049
Fund transfers	105,315	-
	<hr/>	<hr/>
Total expenditures	1,006,908	19,258,851
	<hr/>	<hr/>
Receipts over (under) expenditures	14,064,196	(4,085,587)
Prior year canceled encumbrances	-	105
Unencumbered cash, beginning of year	<hr/>	14,064,196
	<hr/>	<hr/>
Unencumbered cash, end of year	\$ 14,064,196	\$ 9,978,714
	<hr/>	<hr/>

\* This fund is not required to be budgeted.

The accompanying notes are an integral  
 part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS  
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL  
 AGENCY FUNDS  
 Year ended June 30, 2009

	Beginning cash balance	Cash receipts	Cash disbursements	Ending cash balance
Piper High School:				
Artvarks club	\$ 37	\$ —	\$ —	\$ 37
Baseball club	2,196	940	1,823	1,313
Boys basketball	90	—	—	90
Cheerleaders	5,885	17,206	21,027	2,064
Diversity club	1,791	472	579	1,684
Business professionals	188	—	—	188
CADD	241	—	—	241
Dance squad	425	9,633	9,561	497
Track display	130	—	—	130
Track	(50)	3,895	2,714	1,131
Football	3,755	19,101	17,164	5,692
Robotics club	2,436	19,968	13,153	9,251
Ecology club	43	—	—	43
Swimming	141	1,558	855	844
Cross country	40	—	—	40
Tri-M Society	170	3,005	2,995	180
Drama club	400	3,153	3,428	125
SADD	146	—	—	146
PHS emergency assistance	—	2,965	200	2,765
Student council	4,002	5,143	6,443	2,702
Wrestling	2,334	2,038	2,246	2,126
Girls basketball	138	598	277	459
Volleyball	1,597	1,609	1,501	1,705
Soccer	213	696	330	579
Weightroom	2,252	2,025	1,256	3,021
Weightlifting club	80	14	—	94
Boys golf	—	366	392	(26)
Spanish club	189	—	—	189
KEY club	2,951	1,984	3,660	1,275
PGAA	782	85	85	782
FCCLA	167	820	697	290
Softball	763	—	322	441
Girls golf	228	244	581	(109)
8th grade class	—	363	362	1
Junior class	215	8,720	8,251	684
Senior class	2,177	840	585	2,432
GAF	4,988	10,118	11,873	3,233
Auction	20,099	32,384	28,736	23,747
Substance abuse	750	—	—	750
Senior citizenship award	1,335	170	300	1,205
Apple computer grant	385	—	—	385
Pepsi Promotion	1,106	9,353	10,208	251
Publications	15,057	42,313	41,167	16,203
Tyler Jobe memorial scholarship	569	1,329	500	1,398
Steven Dickson scholarship	19,411	534	1,799	18,146
Subtotal Piper High School	99,852	203,642	195,070	108,424

The accompanying notes are an integral  
 part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL

## AGENCY FUNDS

Year ended June 30, 2009

	Beginning cash balance	Cash receipts	Cash disbursements	Ending cash balance
Piper Middle School:				
Music	90	—	—	90
Drama	486	1,051	761	776
Piper honor organization	1,732	208	803	1,137
Student council	3,307	2,476	1,957	3,826
Yearbook	851	6,785	5,759	1,877
Student services	997	4,103	1,259	3,841
Grant funds	2,640	—	—	2,640
Business partnership	427	—	—	427
School store	687	—	—	687
Student incentives	8,487	2,342	5,164	5,665
Subtotal Piper Middle School	19,704	16,965	15,703	20,966
Piper Elementary East:				
Yearbook	4,144	3,072	5,423	1,793
PTA	19	—	—	19
OWL grant	1,634	—	—	1,634
General activity account	2,654	6,062	4,512	4,204
Pop	1,591	229	70	1,750
Media center	3,016	8,214	8,034	3,196
Subtotal Piper Elementary East	13,058	17,577	18,039	12,596
Piper Elementary West:				
General activity fund	5,259	2,756	2,307	5,708
Interest	2,422	203	26	2,599
Kindergarten	17	1,214	1,214	17
Playground equipment	1,976	—	—	1,976
Guided reading	218	80	37	261
Bike rodeo	330	—	—	330
Field trips	774	1,902	2,805	(129)
Assemblies	171	—	—	171
Wal-mart donation	869	—	—	869
CLC grant	385	—	—	385
MAST	100	—	—	100
PTA donations	1,070	1,075	2,535	(390)
Yearbook	2,131	5,046	2,424	4,753
Coke fund	258	812	729	341
PCEA grants	364	1,000	1,176	188
Teacher award grant	1,460	—	747	713
Subtotal Piper Elementary West	17,804	14,088	14,000	17,892
Total student activity funds	\$ 150,418	\$ 252,272	\$ 242,812	\$ 159,878

The accompanying notes are an integral  
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS  
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL

AGENCY FUNDS

Year ended June 30, 2009

	Beginning cash balance	Cash receipts	Cash disbursements	Ending cash balance
Faculty funds:				
Piper High School	\$ —	\$ —	\$ —	\$ —
Piper Middle School	—	—	—	—
Piper Elementary East	102	—	102	—
Piper Elementary West	167	310	477	—
Total faculty funds	<u>\$ 269</u>	<u>\$ 310</u>	<u>\$ 579</u>	<u>\$ —</u>
SUMMARY:				
Student activity funds	\$ 150,418	\$ 252,272	\$ 242,812	\$ 159,878
Faculty funds	269	310	579	—
Fees and user charges	37,576	147,024	134,139	50,461
Sales Tax	4,962	13,541	13,135	5,368
Total agency funds	<u>\$ 193,225</u>	<u>\$ 413,147</u>	<u>\$ 390,665</u>	<u>\$ 215,707</u>

The accompanying notes are an integral  
 part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS  
STATEMENT OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH - ACTUAL  
DISTRICT ACTIVITY FUNDS  
Year ended June 30, 2009

	Beginning unencumbered cash balance	Cash receipts	Expenditures	Ending unencumbered cash balance	Outstanding encumbrances and accounts payable	Ending cash balance
Gate receipts:						
High School activity fund:						
Athletics	\$ 1,219	\$ 63,916	\$ 70,215	\$ (5,080)	\$ -	\$ (5,080)
Total High School activity fund	1,219	63,916	70,215	(5,080)	-	(5,080)
Middle School activity fund:						
Athletics	1,215	7,089	5,927	2,377	-	2,377
Total Middle School activity funds	1,215	7,089	5,927	2,377	-	2,377
Subtotal gate receipts	2,434	71,005	76,142	(2,703)	-	(2,703)
School projects:						
Book fair	2,943	508	-	3,451	-	3,451
Library	2,534	1,338	645	3,227	-	3,227
Drama	170	-	-	170	-	170
Band	390	-	-	390	-	390
Vocal music	847	2,328	2,907	268	-	268
Language arts	24	-	-	24	-	24
Music N Motion	683	10,429	10,980	132	-	132
Belle Voce	-	202	-	202	-	202
Drafting	188	230	158	260	-	260
District	940	4,555	4,800	695	-	695
Art	22	-	-	22	-	22
Subtotal school projects	8,741	19,590	19,490	8,841	-	8,841
Total district activities	\$ 11,175	\$ 90,595	\$ 95,632	\$ 6,138	\$ -	\$ 6,138

The accompanying notes are an integral  
part of the financial statements.

UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
Year ended June 30, 2009

1. Summary of significant accounting policies

a. Reporting entity

Unified School District No. 203, Kansas City, Kansas, ("the District") is a municipal corporation governed by an elected seven-member board. These financial statements present Unified School District No. 203, Kansas City, Kansas, (the primary government). There are no component units.

b. Reimbursed expenses

Certain expenditures are classified as reimbursed expenses. The purpose of these expenditures is payment for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934. The following expenditures are classified as reimbursed expenses for the year ended June 30, 2009:

General fund	\$ 224,768
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Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria:

1. the related disbursement was made in the current year on behalf of the payee,
2. the item paid for was directly identifiable as having been used by or provided to the payee, and
3. the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

c. Basis of accounting

1. Statutory basis of accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure is charged in the fund from which the transfer is made.

The District has adopted a resolution in accordance with K.S.A. 75-1120a(c) to waive reporting in accordance with accounting principles generally accepted in the United States of America, which allows the District to utilize the statutory basis of accounting.



2. Departure from accounting principles generally accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented.

Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America.

Capital assets that account for the land, buildings, and equipment owned by the District are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

d. Cash and investments

Cash consists of checking accounts and certificates of deposit.

Cash balances in all funds are considered in determining the amount to be invested and further, unless specifically designated, all investment income is credited to the capital outlay fund.

e. Inventories and prepaid expenses

Inventories and prepaid expenses which benefit future periods are recorded as an expenditure during the year of purchase, as required by state statutes.

f. Fund descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The following types of funds comprise the financial activities of the District for the year ended June 30, 2009:

1. Governmental funds

- a. General fund - to account for all unrestricted resources except those required to be accounted for in another fund.

1. Governmental funds (continued)

- b. Special revenue funds - to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.
- c. Debt service funds - to account for the accumulation of resources for and the payments of, interest and principal and related costs, on general long-term debt.

2. Fiduciary funds

- a. Trust and agency funds - to account for assets held by the District in a trustee capacity or as an agent for individuals, other governmental units, private organizations, and/or other funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature and do not involve measurement of operations.

2. Stewardship, compliance, and accountability

a. Budgetary information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

- 1. Preparation of the budget for the succeeding year on or before August 1st.
- 2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on budget.
- 3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- 4. Adoption of the final budget on or before August 25th.

The statutes allow for the District to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. In June 2009, the General fund was amended from an original budget amount of \$9,160,795 to \$9,381,680.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

a. Budgetary information (continued)

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, trust funds, and the following special revenue funds.

- Textbook & student material fund
- Contingency reserve fund
- Gift and grant fund
- Other grant funds

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the District.

b. Compliance with finance-related legal and contractual provisions

The General Fund showed negative ending unencumbered cash balances of \$1,022,792 and \$126,434 for the years ended June 30, 2009 and 2008, respectively. K.S.A. 10-1116a provides that under certain situations, the funds can end the year with negative unencumbered cash balances and therefore, be exempt from the cash basis law of the State of Kansas (K.S.A. 10-1113). The District is not deemed to be in violation of the Kansas cash basis law for the years ending June 30, 2009 and 2008.

See Note 10 for presentation of the General Fund and Supplemental General Fund under compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d).

The District violated K.S.A. 79-2935 by spending expenditures in excess of budgeted limits in the General Fund, Parent Education Fund, Special Education Fund, and At Risk Fund. Refer to statements 3.1, 3.8, 3.10, and 3.11 for more information.

During six months of the year, bank deposits were undersecured at Security Bank of Kansas City (K.S.A. 9-1402).

Management is aware of no other statutory violations for the period covered by the audit.

### 3. Deposits and investments

As of June 30, 2009, the District had no investments.

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the bank to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the District may invest in any one issuer as long as the investment are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at June 30, 2009.

At June 30, 2009, the District's carrying amount of deposits was \$15,495,533 and the bank balance was \$17,171,021. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$500,000 was covered by federal depository insurance, and the remaining \$16,671,021 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

#### 4. Long-term debt

Proceeds from the sale of the Series 1998-A General Obligation Bonds were used to establish an escrow account for the payment of interest on the bonds through September 1, 2001, and to redeem on September 1, 2001 a portion of the principal of the District's outstanding General Obligation Refunding and Improvement Bonds, Series 1992, maturing September 1, 2002, and thereafter. This refunding plan was undertaken in order to achieve interest cost savings and shorten the length of the District's debt. Only a portion of each annual maturity of the outstanding Series 1992 Bonds maturing in 2002 thru 2008 was refunded. All Series 1992 Bonds maturing in 2009 thru 2013 were refunded. The total amount of Series 1992 Bonds refunded by this bond issuance was \$4,315,000.

Proceeds from the sale of the Series 2002-A General Obligation Bonds were used to refund a portion of the District's outstanding General Obligation Refunding Bonds, Series 1992. This refunding plan was undertaken in order to achieve interest cost savings and to restructure the District's debt. As noted above, only a portion of the Series 1992 Bonds maturing in 2002 thru 2008 was refunded by the 1998-A Bonds. The remaining \$1,580,000 of the Series 1992 Bonds maturing in 2002 thru 2008 was refunded by the Series 2002-A Bonds.

On November 6, 2007, voters in the District authorized the issuance of up to \$29.9 million of general obligation bonds to fund a wide variety of improvements throughout the District. The projects include the construction of a new elementary school, the renovation of Piper High School, and security and technology upgrades throughout the District. The issuance of bonds was made in three different series consisting of Series 2008-A, 2008-B, and 2009-A.

On January 15, 2009, the District entered into a lease purchase agreement with Capital One Public Funding, LLC to pay costs of acquiring, constructing, and installing energy conservation measures in the buildings and on the property owned by the District.

See the following page for more information related to the District's long term debt and capital lease obligations.

4. Long-term debt (continued)

Changes in long-term liabilities for the District for the year ended June 30, 2009, were as follows:

Issue	Interest rate	Date of issue	Amount of issue	Date of final maturity	Balance beginning of year	Additions	Reductions/ payments	Balance end of year	Interest paid
<u>General obligation bonds:</u>									
Series 1998A	4.10-4.80%	Feb. 1998	\$ 4,410,000	Sept. 2012	\$ 2,160,000	\$ -	\$ (2,160,000)	\$ -	\$ 50,206
Series 2002A	1.80-4.25%	Jan. 2002	\$ 1,625,000	Sept. 2008	270,000	-	(270,000)	-	5,737
Series 2008A	3.38-5.00%	Feb. 2008	\$ 14,980,000	Sept. 2028	14,980,000	-	-	14,980,000	672,706
Series 2008B	3.50-5.50%	Dec. 2008	\$ 9,825,000	Sept. 2028	-	9,825,000	-	9,825,000	-
Series 2009A	3.00-4.30%	April 2009	\$ 7,000,000	Sept. 2028	-	7,000,000	-	7,000,000	-
<u>Capital leases:</u>									
Energy lease	5.85%	Jan. 2009	\$ 2,674,000	March 2009	-	2,674,000	-	2,674,000	-
Total long-term debt					\$ 17,410,000	\$ 19,499,000	\$ (2,430,000)	\$ 34,479,000	\$ 728,649

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

Year ended June 30,									
	2010	2011	2012	2013	2014	2015-2019	2020-2024	2025-2029	Total
<u>Principal:</u>									
<u>G.O. Bonds:</u>									
Series 2008A	\$ -	\$ -	\$ 75,000	\$ 250,000	\$ 365,000	\$ 3,290,000	\$ 4,910,000	\$ 6,090,000	\$ 14,980,000
Series 2008B	200,000	380,000	525,000	425,000	325,000	2,030,000	2,625,000	3,315,000	9,825,000
Series 2009A	-	-	-	125,000	265,000	1,760,000	2,140,000	2,710,000	7,000,000
<u>Capital leases:</u>									
Energy lease	60,681	77,906	82,531	87,430	92,621	552,409	737,040	983,382	2,674,000
Total principal	260,681	457,906	682,531	887,430	1,047,621	7,632,409	10,412,040	13,098,382	34,479,000
<u>Interest:</u>									
<u>G.O. Bonds:</u>									
Series 2008A	620,959	620,959	619,693	614,209	603,831	2,715,066	1,791,607	666,493	8,252,817
Series 2008B	554,231	446,275	430,438	413,813	400,687	1,784,175	1,253,412	473,138	5,756,169
Series 2009A	228,407	260,210	260,210	258,179	251,841	1,106,100	777,654	296,991	3,439,592
<u>Capital leases:</u>									
Energy lease	169,008	151,783	147,158	142,259	137,068	596,037	411,406	165,065	1,919,784
Total interest	1,572,605	1,479,227	1,457,499	1,428,460	1,393,427	6,201,378	4,234,079	1,601,687	19,368,362
Total principal and interest	\$ 1,833,286	\$ 1,937,133	\$ 2,140,030	\$ 2,315,890	\$ 2,441,048	\$ 13,833,787	\$ 14,646,119	\$ 14,700,069	\$ 53,847,362

5. Interfund transfers

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	Parent Education	K.S.A. 72-6428	\$ 8,150
General Fund	Special Education	K.S.A. 72-6428	1,241,574
General Fund	At-Risk	K.S.A. 72-6428	41,311
General Fund	Contingency Reserve	K.S.A. 72-6428	<u>17,545</u>
Total general fund transfers			<u>1,308,580</u>
Supplemental			
General Fund	Parent Education	K.S.A. 72-6433	15,150
Supplemental			
General Fund	Summer School	K.S.A. 72-6433	82,061
Supplemental			
General Fund	Special Education	K.S.A. 72-6433	818,865
Supplemental			
General Fund	At-Risk	K.S.A. 72-6433	62,040
Supplemental			
General Fund	Vocational Education	K.S.A. 72-6433	218,815
Supplemental			
General Fund	Textbook & student material	K.S.A. 72-6433	<u>16,465</u>
Total supplemental general fund transfers			<u>1,213,396</u>
Total interfund transfers			<u><u>\$ 2,521,976</u></u>

## 6. Commitments

The District has the following lease agreements:

- a. Noncancelable operating lease - The District entered into a lease agreement with Konica Minolta in November 2007 for copiers and related equipment. This operating lease terminated the prior agreement with Xerox six months prior to the end of the original lease period. The lease period is for 60 months and requires total monthly payments of \$3,131.
- b. Noncancelable operating lease - The District entered into a lease agreement in April 2007 for two trailers to be used as temporary classroom space. The lease period is for 36 months and requires total monthly payments of \$725. At the end of 2009, the District was no longer leasing these trailers.
- c. Future minimum rental payments required under the non-cancelable operating leases as of June 30, 2009 are as follows:

2010	\$	37,575
2011		37,575
2012		37,575
2013		12,525
Total	\$	<u>125,250</u>

## 7. Capital projects

As of June 30, 2009, capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	Expenditures to date	Project authorizations
School improvements (see footnote 4)	\$ 20,265,759	\$ 30,244,368

## 8. Defined benefit plan

### 1. Plan description

The District contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.



8. Defined benefit plan (continued)

2. Funding policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes an average of 7.37% of covered payroll for fiscal year 2008, and an average of 7.97% of covered payroll for fiscal year 2009. In addition, if a KPERS retiree who retired from a different KPERS employer is hired by the District, the contribution rate is 15.95% for 2009.

These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for school municipality employees for the years ending June 30, 2009, 2008, and 2007 were \$242,277,363, \$220,815,154, and \$192,425,626 respectively, equal to the statutory required contributions for each year.

9. Compensated absences

Accumulated vacation and sick leave paid during the current year are shown as an expenditure in the General Fund.

District policy requires the cancellation of accumulated sick leave upon termination of employment. Upon retirement, teachers who have a minimum of ten (10) years of service may be paid 90% of the substitute teacher rate at the time for the first 50 days of accumulated sick leave and 100% of the substitute teacher rate for 51-100 days of accumulated sick leave. If a teacher has eight (8) years of service and has accumulated sick leave of at least 66 days, the teacher may request by June 15 each year to be paid for any days accumulated over 65 at 90% of the substitute teacher rate in effect at the time.

Classified employee retirement after a minimum of ten (10) years of service may be paid at 30% of the daily rate for the first 50 days of accumulated sick leave and 35% of the daily rate for 51-100 days of accumulated sick leave. If a classified employee has five (5) years of service and has accumulated at least 66 days of sick leave, the employee may request by June 15 each year to be paid for any days over 65 at 30% of the daily rate of pay in effect at that time.

During the 2008-2009 school year, the District bought back 490 days of accumulated sick leave at a cost of \$65,072.

The financial statements for the years ended June 30, 2008 and 2009 are prepared in accordance with the cash basis and budget laws of the State of Kansas. Therefore, no liability is recorded for unpaid vacation and sick leave.

10. Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d)

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) require the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by these Statutes.

STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET  
For the Year Ended June 30, 2009  
GENERAL FUND

		Current year		
	Prior Year Statutory Transactions	Statutory Transactions	Budget	Variance - over (under)
Statutory revenues:				
Taxes and shared revenue:				
Ad valorem property - taxes in process	\$ 58,741	\$ 64,931	\$ 181,370	\$ (116,439)
Ad valorem property - current taxes	2,686,166	2,283,146	3,148,336	(865,190)
Delinquent	48,794	69,837	117,240	(47,403)
State aid:				
Equalization aid	4,892,227	5,674,429	4,691,807	982,622
Special education services	913,077	1,285,790	1,242,927	42,863
Machinery and equipment	2,673	-	-	-
Reimbursed expenses	174,768	224,768	-	224,768
Total statutory revenues	8,776,446	9,602,901	\$ 9,381,680	\$ 221,221
Expenditures:				
Instruction	5,321,465	5,498,171	\$ 5,644,805	\$ 146,634
Student support services	-	1,930	5,500	3,570
Instructional support staff	24,638	23,815	28,500	4,685
General administration	76,458	252,805	124,000	(128,805)
School administration	922,319	920,108	930,391	10,283
Central services	15,535	23,014	31,000	7,986
Operations and maintenance	571,666	966,985	568,824	(398,161)
Student transportation services	595,303	606,997	703,000	96,003
Other support services	821	1,250	-	(1,250)
Transfers out	1,400,766	1,308,580	1,345,660	37,080
Adjustment to comply with legal max	-	-	(3,552)	(3,552)
Legal general fund budget	8,928,971	9,603,655	9,378,128	(225,527)
Adjustment for qualifying budget credits:				
Reimbursements	-	-	224,768	224,768
Total expenditures	8,928,971	9,603,655	\$ 9,602,896	\$ (759)
Statutory revenue over (under) expenditures	(152,525)	(754)		
Prior year canceled encumbrances	-	754		
Modified unencumbered cash, beginning of year	152,525	-		
Modified unencumbered cash, end of year	\$ -	\$ -		

10. Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d) (continued)

STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET  
For the Year Ended June 30, 2009  
SUPPLEMENTAL GENERAL FUND

	Prior Year Statutory Transactions	Current year		
		Statutory Transactions	Budget	Variance - over (under)
Statutory revenues:				
Taxes and shared revenue:				
Ad valorem property - taxes in process	\$ 43,157	\$ 55,318	\$ 130,209	\$ (74,891)
Ad valorem property - current taxes	2,253,337	2,295,786	2,207,843	87,943
Delinquent	43,586	50,258	98,429	(48,171)
Motor vehicle	238,513	217,037	218,593	(1,556)
Recreational vehicle	1,605	1,244	1,492	(248)
State aid:				
Equalization aid	201,876	-	-	-
Machinery and equipment	2,141	-	-	-
Total statutory revenues	<u>2,784,215</u>	<u>2,619,643</u>	<u>\$ 2,656,566</u>	<u>\$ (36,923)</u>
Expenditures:				
Instruction	1,498	37,791	\$ 45,000	\$ 7,209
Student support services	372,485	368,057	375,328	7,271
Instructional support staff	126,517	336,369	301,799	(34,570)
General administration	441,023	206,686	445,581	238,895
School administration	2,116	-	-	-
Central services	48,488	197,587	-	(197,587)
Operations and maintenance	699,340	198,063	630,850	432,787
Student transportation services	22,747	-	-	-
Other support services	-	184,236	-	(184,236)
Transfers out	914,385	1,213,396	949,681	(263,715)
Adjustment to comply with legal max	-	-	(3,059)	(3,059)
Legal supplemental general fund budget	2,628,599	2,742,185	2,745,180	2,995
Adjustment for qualifying budget credits	-	-	-	-
Total expenditures	<u>2,628,599</u>	<u>2,742,185</u>	<u>\$ 2,745,180</u>	<u>\$ 2,995</u>
Statutory revenues over (under) expenditures	155,616	(122,542)		
Modified unencumbered cash, beginning of year	<u>211,917</u>	<u>367,533</u>		
Modified unencumbered cash, end of year	<u>\$ 367,533</u>	<u>\$ 244,991</u>		

**ADDITIONAL INFORMATION**

UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS\*

Year ended June 30, 2009

Federal Grantor/ pass-through grantor/program title	Federal CFDA number	Program or award amount	Beginning unencumbered cash balance	Cash receipts	Expenditures	Ending unencumbered cash balance	Outstanding encumbrances	Ending cash balance
<u>U.S. Department of Education</u>								
Passed through Kansas								
Department of Education:								
Title I Low income	84.010	\$ 56,564	\$ -	\$ 56,564	\$ 56,564	\$ -	\$ -	\$ -
Drug-free	84.186	2,920	-	2,920	2,920	-	-	-
Title II Tech literacy	84.318	541	-	541	-	541	-	541
Title II Improving teacher quality	84.367	29,746	-	29,746	26,220	3,526	-	3,526
Total U.S. Department of Education		89,771	-	89,771	85,704	4,067	-	4,067
<u>U.S. Department of Agriculture</u>								
Passed through Kansas								
Department of Education:								
School lunch program	10.555	134,843	-	134,843	134,843	-	-	-
Total U.S. Department of Agriculture		134,843	-	134,843	134,843	-	-	-
Total federal assistance		\$ 224,614	\$ -	\$ 224,614	\$ 220,547	\$ 4,067	\$ -	\$ 4,067

\*Note 1 on page 43 is an integral part of this Schedule of Expenditures of Federal Awards.

See Independent Auditors' Report

UNIFIED SCHOOL DISTRICT NO. 203, KANSAS CITY, KANSAS  
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2009

1. Basis of accounting

a. Statutory basis of accounting

The statutory basis of accounting, as used in the preparation of this schedule of expenditures of federal awards, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure is charged in the fund from which the transfer is made.

The District has adopted a resolution in accordance with K.S.A. 75-1120a(c)(1) to waive reporting in accordance with accounting principles generally accepted in the United States of America, which allows the District to utilize the statutory basis of accounting.

b. Departure from accounting principles generally accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, and cash and unencumbered cash balances.

Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America.